

INDEX

	<u>PAGE</u>
GENERAL INFORMATION	1
APPROVAL OF FINANCIAL STATEMENTS	2
FOREWORD	3-4
CHIEF FINANCIAL OFFICERS REPORT	5-7
ACCOUNTING POLICIES	8-9
BALANCE SHEET	10
INCOME STATEMENT	11
CASH FLOW STATEMENT	12
NOTES TO THE FINANCIAL STATEMENTS	13-17
APPENDICES -	
A. ACCUMULATED FUNDS AND RESERVES	18
B. EXTERNAL LOANS AND INTERNAL ADVANCES	19
C. ANALYSIS OF FIXED ASSETS	20
D. ANALYSIS OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2005	21
E. DETAILED INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2005	22
F. STATISTICAL INFORMATION	23

Nquthu Municipality
Income Statement
1st July 2004 to 30th June 2005

	2004 Actual Income		2004 Actual Expenditure		2004 Surplus/ (Deficit)
R	21,542,517	R	12,426,610	R	9,115,907
R	21,107,392	R	9,805,793	R	11,301,599
R	-	R	1,594,455	R	-1,594,455
R	435,125	R	1,026,362	R	-591,237
R	1,550,232	R	2,973,463	R	-1,423,231
R	23,092,749	R	15,400,073	R	7,692,676
				R	-923,271
				R	6,769,405
				R	-2,089,490
				R	4,679,915

RATE & GENERAL SERVICES

Community Services

Subsidised Services

Economic Services

Trading Services

TOTAL

Appropriations for year

Net Surplus/(Deficit)

Accumulated Surplus/(Deficit) at the beginning of the year

Accumulated Surplus/(Deficit) at the end of the year

	2005 Actual Income		2005 Actual Expenditure		2005 Surplus/ (Deficit)		2005 Budget Surplus/Deficit
	15,262,233		13,262,071		2,000,162		1,053,783
	13,268,392		12,151,504		1,116,888		1,469,103
	124,547		734,386		-609,839		-415,320
	1,869,294		376,181		1,493,113		0
	2,234,239		3,130,080		-895,841		-1,711,451
	17,496,472		16,392,151		1,104,320		-657,668
					-5,524,971		
					-4,420,651		
					4,679,915		
					259,264		-657,668

Nquthu Municipality
Balance sheet
as at 30th June 2005

CAPITAL EMPLOYED	Note	2005	2004
Funds & Reserves		R 6,331,376	R 1,702,933
Statutory Funds	1	R 1,796,609	R 1,702,933
Reserves	2	R 4,534,767	R -
Retained Income	14	R 259,264	R 4,679,915
Total		R 6,590,640	R 6,382,848
Trust Funds		R -	R -3,097,710
Long Term Liabilities	4	R 329,617	R 579,108
Consumer Deposits	5	R 491,886	R 97,053
		R 7,412,143	R 3,961,299

EMPLOYMENT OF CAPITAL

Fixed Assets	6	R 819,734	R 241,179
Investments		R -	R -
Net Current Assets		R 6,592,409	R 3,720,119
Current Assets		R 9,922,810	R 9,065,108
Debtors	8	R 4,659,781	R 8,312,531
Inventory	3	R 147,800	R 752,577
SARS		R -	R -
Investments	7	R 1,796,609	
Cash at Bank	9	R 3,318,620	R -
Current Liabilities		R 3,330,401	R 5,344,988
Creditors	10	R 2,226,515	R 1,811,890
Grant funding		R -	R -
Provisions	11	R 854,593	R 2,089,178
Short term portion of L T Liabilities	4	R 249,293	R 234,314
Bank Overdraft	9	R -	R 1,209,606
		R 7,412,143	R 3,961,299

Nquthu Municipality
Cash Flow Statement
as at 30th June 2005

	Note	2005	2004
Cash generated by operations	16 R	-4,739,304	R 4,741,354
Investment income	R	115,084	R 205,910
Decrease /(Increase) in working capital	15 R	4,672,152	R -9,190,740
Less external interest paid	16 R	-81,873	R -121,147
Cash available from operations	R	-33,941	R -4,364,623
Cash contributions from the State	R	-3,062,485	R -1,549,353
Nett proceeds on disposal of fixed assets	R	-	R 200,000
CASH RETAINED FROM OPERATING ACTIVITIES	R	-3,096,426	R -5,713,976
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in Fixed Assets	6 R	1,129,574	R 1,867,423
NETT CASH FLOW	R	-1,966,853	R -3,584,254
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase/(Decrease) in long term loans	17 R	390,118	R 200,696
Increase/(Decrease) in short term loans	R	-	R -
(Increase)/Decrease in cash investments	18 R	-23,700	R 2,633,658
(Increase)/Decrease in bank and cash	19 R	1,600,434	R 749,900
NETT CASH (GENERATED)/UTILISED	R	1,966,853	R 3,584,254

Nquthu Municipality
Notes to the Financial Statements
as at 30th June 2005

	2005	2004
1 STATUTORY FUNDS		
Refer Appendix A		
Capital Development Fund	R 1,107,989	R 1,035,217
Public Improvement Fund	R 688,620	R 667,715
	R 1,796,609	R 1,702,933
2 RESERVES		
Grant Funding		
Total	R 4,534,767	R -3,004,705
Development & Planning Capacity Building	R 24,793	R -250,000
Library Grants	R -	R -41,195
Sundry Grants	R -	R -1,593,439
Infrastructure Grant	R -	R -550,000
Taxi Project	R 1,094,206	R 1,094,206
Transitional Grant	R -	R -1,352,156
LED Grant	R 215,364	R 215,364
IDP Grant	R -	R -424,555
Municipal Support Grant	R 15,717	R 365,717
Management Assistance Programme	R 544,600	R -
Financial Management Grant	R 159,180	R -
GIS Grant	R 84,950	R -
Municipal Finance Mangnt Act Implementation	R 45,000	R -
Property Rates Act Implementation	R 63,125	R -
Interdepartmental Monitoring	R 60,000	R -
Anti-Corruption Grant	R 134,500	R -
Establishment Grant	R 738,214	R -
LUMS Grant	R 97,084	R 47,084
DBSA Grant	R 292,076	R -22,770
MIG Capital Grant	R 965,958	R 2,278,276
Housing Grant	R -	R 3,238,173
		R -
		R 5,833,716
	R 4,534,767	R 2,829,011
	R 6,761,282	R 4,640,901
3 INVENTORY		
Stock on hand	R 147,800	R 752,577
4 LONG TERM LIABILITIES		
Refer Appendix B		
ABSA Bank	R 578,910	R 813,422
Short term portion	R -249,293	R -234,314
Balance	R 329,617	R 579,108
5 CONSUMER DEPOSITS		
Electricity Services	R 491,886	R 97,053

Nquthu Municipality
Notes to the Financial Statements
as at 30th June 2005

	2005	2004
13		
6 FIXED ASSETS		
Fixed Assets at beg. of year	R 39,598,978	R 37,731,555
Capital Outlay during year	R 1,129,574	R 1,867,423
Less assets w/off, transferred or disposed	R -13,826,721	R -28,092
Total Fixed Assets	R 26,901,831	R 39,598,978
Less: Loans redeemed and other capital receipts	R 26,082,097	R 39,357,799
Prior Year	R 38,560,874	R 37,261,587
Current Year	R -12,478,777	R 2,096,212
Nett Fixed Assets	R 819,734	R 241,179
7 INVESTMENTS		
Unlisted:		
Short Term Deposits	R 1,794,317	R -
8 DEBTORS		
Current debtors - rates and services	R 5,177,534	R 9,433,764
Provision for bad and doubtful debts	R -517,753	R -1,415,065
Nett Current debtors	R 4,659,781	R 8,018,699
New Commercial Centre	R -	R 264,502
Receipts Underbank 2002	R -	R 29,330
Umsekeli Composite	R -	R 752,577
	R 4,659,781	R 8,312,531

Nquthu Municipality
Notes to the Financial Statements
as at 30th June 2005

	2005	2004
9 CASH ON HAND AND AT BANK		
Current Account	<u>R 3,318,620</u>	<u>R -1,209,606</u>
10 CREDITORS		
Accruals	R 959,872	R 1,473,668
Salary clearing	R -	R -928,421
Umzinyathi	R 1,266,643	R 1,266,643
Sundry Creditors	<u>R 2,226,515</u>	<u>R 1,811,890</u>
11 Provisions		
Audit fee	R -	R -
Doubtful debts	R -	R 2,089,178
Leave Pay	R 854,593	R 674,113
	<u>R 854,593</u>	<u>R 2,089,178</u>
12 ASSESSMENT RATES		
Assessment Rates are based on the differential rating system and are based on a property m2 and unit building rate.	<u>R 68,199</u>	<u>R 181,137</u>
13 FINANCE TRANSACTIONS		
Total external interest earned	<u>R 115,084</u>	<u>R 205,910</u>
Total external interest paid	<u>R 81,873</u>	<u>R 220,879</u>
Capital charges debited to Income Statement	<u>R 316,385</u>	<u>R 200,696</u>
Interest paid	<u>R 81,873</u>	<u>R 340,789</u>
Loans redeemed	<u>R 234,512</u>	<u>R -</u>
14 APPROPRIATION ACCOUNT		
Appropriation Account		
Accumulated surplus at the beginning of year	R 4,679,915	R -2,089,490
Operating surplus/(deficit) for the year	R 1,104,320	R 7,692,676
Contributions to capital	R -30,983	R -200,696
Prior year adjustments	R -4,713,922	R -407,076
Contribution to funds and provisions	R -698,193	R -1,008,504
Interest on loans redeemed	R -81,873	R -121,147
	<u>R 259,264</u>	<u>R 3,865,763</u>
Operating account		
Contributions to fixed assets	R -	R -
Contributions to	R -	R -
Capital Development Fund	<u>R -</u>	<u>R -</u>
Accumulated Funds		
Accumulated Surplus at end of year	<u>R 259,264</u>	<u>R 3,865,763</u>

Nquthu Municipality
Notes to the Financial Statements
as at 30th June 2005

	2005	2004
15 INCREASE/(DECREASE) IN WORKING CAPITAL		
(Increase)/Decrease in stock	R 604,777	R 242,135
(Increase)/Decrease in debtors	R 3,652,750	R -1,532,133
Increase/(Decrease) in creditors	R 414,625	R -7,900,741
	<u>R 4,672,152</u>	<u>R -9,190,739</u>
16 CASH GENERATED BY OPERATIONS		
Surplus/(Deficit) for the year	R 1,104,320	R 7,692,676
Adjustments in respect of previous year	R -4,713,922	R -
Appropriations charged against income	R -698,233	R -2,423,569
Project Investment Fund	R -	R -667,715
Leave pay	R -180,480	R -340,789
Doubtful debts	R -517,753	R -1,415,065
Fixed assets		
Investment Income Received (operating account)	R -115,084	R -205,910
Government and Provincial Grants and Subsidies	R -	R -
Capital charges		
Interest paid on external loans	R -81,873	R -121,147
Interest on accumulated funds	R -	R -
Expenditure charged against funds	R -	R -
Redemption of external loans	R -234,512	R -200,696
	<u>R -4,739,304</u>	<u>R 4,741,354</u>
17 INCREASE/(DECREASE) IN LONG-TERM LOANS(EXT.)		
Loans raised	R 421,102	R -
Loans repaid	R -30,983	R -200,696
	<u>R 390,118</u>	<u>R -200,696</u>
18 (INCR)/DECR IN EXTERNAL CASH INVESTMENTS		
Investments realised	R 23,700	R 2,633,658
	<u>R -23,700</u>	<u>R -2,633,658</u>
12 COMMITTEE MEMBERS REMUNERATION		
Mayoral Allowances	R 93,579	R 103,120
Councillors Allowances	R 1,727,943	R 1,545,614
	<u>R 1,821,522</u>	<u>R 1,648,734</u>

Nquthu Municipality
Notes to the Financial Statements
as at 30th June 2005

	2005	2004
19 (INCR)/DECR IN BANK CASH		
Balance at beginning of year	R 919,613	R -169,713
Less balance at end of year	R 680,821	R 919,613
	<u>R 1,600,434</u>	<u>R 749,900</u>
20 RETIREMENT BENEFITS		
Employees belong to the following funds within the Natal Joint Municipal Pension Funds which provide retirement benefits to such employees. All amounts due to the fund are fully paid up.		
- Superannuation Fund		
- Retirement Fund		
21 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure		
- Approved and contracted for	R -	R -
- Approved and not contracted for	R -	R -
	<u>R -</u>	<u>R -</u>
The expenditure will be financed from the Establishment Grant, Capital funds etc.		
22 CAPITAL DEVELOPMENT FUND		
Accumulated Fund	R 1,107,989	R 1,035,217
Less Internal investments in CCDF	R -	R -
	<u>R 1,107,989</u>	<u>R 1,035,217</u>
23 PUBLIC IMPROVEMENT FUND		
Accumulated Fund	R 688,620	R 667,715
Less Internal investments in CPIF	R -	R -
	<u>R 688,620</u>	<u>R 667,715</u>

APPENDIX A

Nquthu Municipality
Statutory Funds, Reserves and Trust Funds
Year ended 30th June 2004

<u>Statutory funds</u>	Balance 30-Jun-04	Contribution/ Receipts	Interest on Investments	Other Income	Expenditure	Adjustments	Balance 30-Jun-05
Public Improvement Fund	R 667,715		R 44,605		R 23,700		R 688,620
Capital Development Fund	R 1,035,217		R 72,772		R -		R 1,107,989
<u>Reserves & Provision</u>							
Leave	R 674,113	R 180,480					R 854,593
Doubtful debts	R 1,415,065	R 517,753			R 1,415,065		R 517,753
<u>Grant Funds</u>							
Development & Planning Capacity Building	R -250,000	R 250,000		R 500,000	R 475,207	R -	R 24,793
Library Grants	R -41,195	R -		R -	R -	R -41,195	R -
Sundry Grants	R -1,593,439	R -		R -	R -	R -1,593,439	R -
Infrastructure Grant	R -550,000	R -		R -	R -	R -550,000	R -
Taxi Project	R 1,094,206	R -		R -	R -	R -	R 1,094,206
Transitional Grant	R -1,352,156	R -		R -	R -	R -1,352,156	R -
LED Grant	R 215,364	R -		R -	R -	R -	R 215,364
IDP Grant	R -424,555	R -		R -	R -	R -424,555	R -
Municipal Support Grant	R 365,717	R -		R -	R 350,000	R -	R 15,717
Management Assistance Programme	R -	R 800,000		R -	R 255,400	R -	R 544,600
Financial Management Grant	R -	R 250,000		R -	R 90,820	R -	R 159,180
GIS Grant	R -	R 100,000		R -	R 15,050	R -	R 84,950
Municipal Finance Mangnt Act Implementation	R -	R 45,000		R -	R -	R -	R 45,000
Property Rates Act Implementation	R -	R 63,125		R -	R -	R -	R 63,125
Interdepartmental Monitoring	R -	R 60,000		R -	R -	R -	R 60,000
Anti-Corruption Grant	R -	R 134,500		R -	R -	R -	R 134,500
Establishment Grant	R -	R 738,720		R -	R 506	R -	R 738,214
LUMS Grant	R 47,084	R 50,000		R -	R -	R -	R 97,084
DBSA Grant	R -22,770	R 314,846		R -	R -	R -	R 292,076
MIG Capital Grant	R 2,278,276	R 3,233,673		R -	R 4,545,991	R -	R 965,958
Housing Grant	R 3,238,173	R 3,820,000		R -	R 7,058,173	R -	R -
TOTAL	R 3,004,705	R 9,859,864	R -	R 500,000	R 12,791,147	R -3,961,345	R 4,534,767

APPENDIX B

Nquthu Municipality
External and Internal Loans
as at 30th June 2005

External Finance Leases

Lease No	Balance	New	Interest	Redemption	Balance
	at 30/06/04	Loans	Jun-05	2005	at 30/06/05
59187321	269,154.23	-	26,978.74	79,617.74	189,536.49
58731388	53,283.32	-	5,151.16	19,527.68	33,755.64
59751366	264,113.52	-	26,601.02	75,614.50	188,499.02
60152344	89,408.81	-	8,978.96	26,320.36	63,088.45
60983220	137,462.22	-	14,162.91	33,432.21	104,030.01
	-	-	-	-	
	813,422.10	-	81,872.79	234,512.49	578,909.61

APPENDIX C

Nquthu Municipality
Analysis of Fixed Assets
as at 30th June 2005

Expenditure 2004		Budget 2005	Balance 30-Jun-04	Expenditure	W/off, Tfrd, Disposed	Balance 30-Jun-05
R 919,292	RATE AND GENERAL SERVICES	R 17,665,000	R 15,241,314	R 950,277	R 28,092	R 16,163,499
R 11,471	Land & Buildings	R -	R 3,435,918	R -		R 3,435,918
R -	Roads & Streets	R 17,100,000	R 7,155,547	R 950,277		R 8,105,824
R -	Parks & Recreation	R -	R 494,571			R 494,571
R -	Fire Service	R -	R 15,150			R 15,150
R 879,776	Motor Vehicles	R -	R 2,617,558			R 2,617,558
R -	Major Plant	R -	R 263,168			R 263,168
R -	Plant & Equipment	R -	R 284,411		R 28,092	R 256,319
R -	Small Tools	R -	R 4,747			R 4,747
R 28,045	Furniture & Fittings	R 565,000	R 735,104			R 735,104
R -	Computers	R -	R 235,140			R 235,140
R -	SUBSIDISED SERVICES	R -	R 1,287,424	R -	R -	R 1,287,424
	Market Stalls		R 1,287,424			R 1,287,424
	Community Hall	R -	R -			R -
R -	ECONOMIC SERVICES	R -	R 11,346,822	R -	R 9,546,356	R 1,800,466
	Refuse Site		R 1,800,466			R 1,800,466
	Sewerage Works		R 9,546,356		R 9,546,356	R -
R 179,297	TRADING SERVICES	R -	R 11,723,417	R 179,297	R 4,252,273	R 7,650,441
R 179,297	Electricity Service	R -	R 7,471,144	R 179,297		R 7,650,441
	Water Service		R 4,252,273		R 4,252,273	R -
R 1,098,589	TOTAL FIXED ASSETS	R 17,665,000	R 39,598,977	R 1,129,574	R 13,826,721	R 26,901,830
	ACCUMULATED DEPRECIATION					
R 1,098,589	NETT FIXED ASSETS	R 17,665,000	R 39,598,977	R 1,129,574	R 13,826,721	R 26,901,830
	LESS					
	LOANS REDEEMED & OTHER					
1,299,287	CAPITAL RECEIPTS	R -	R 38,560,874	R 1,330,270	R 13,809,047	R 26,082,097
1,299,287	RATE & GENERAL SERVICES		R 26,804,512	R 1,330,270	R 9,546,356	R 18,588,426
200,696	Loans redeemed & advances repaid		R 686,236	R 200,696		R 886,932
	Contributions ex Operating Income		R 93,766	R 30,983		R 124,749
1,098,591	Contributions ex Grants & Subsidies		R 26,024,510	R 1,098,591	R 9,546,356	R 17,576,745
	TRADING SERVICES		R 11,756,362	R -	R 4,262,691	R 7,493,671
	Electricity		R 7,493,671			R 7,493,671
	Contributions ex Operating Income		R 142,718			R 142,718
	Contributions ex Grants & Subsidies		R 7,350,953			R 7,350,953
	Water		R 4,262,691	R -	R 4,262,691	R -
	Loans redeemed		R -			R -
	Contributions ex Operating Income		R 15,497		R 15,497	R -
	Contributions ex Grants & Subsidies		R 4,247,194		R 4,247,194	R -
-200698	NETT FIXED ASSETS	R 17,665,000	R 1,038,103	R -200,696	R 17,674	R 819,733

APPENDIX D

Nquthu Municipality
Analysis of Income & Expenditure
Year ended 30th June 2005

ACTUAL 2004	<u>INCOME</u>	ACTUAL 2005	BUDGET 2005
R 14,530,499	Grants and Subsidies	R 14,919,000	R 20,503,894
R 14,530,499	National Govt.	R 14,919,000	R 17,078,665
	Provincial Govt.	R -	R 3,425,229
R 2,522,624	Operating Income	R 2,577,472	R 8,121,424
R 181,137	Assessment Rates	R 68,199	R 314,583
R 1,364,152	Sales of Electricity	R 1,161,901	R 1,603,693
R 977,335	Other Service Charges	R 1,347,372	R 6,203,148
R 205,910	Interest earned		R -
R 17,259,033	TOTAL INCOME	R 17,496,472	R 28,625,318
	<u>EXPENDITURE</u>		
R 8,902,895	Salaries, Wages and Allowances	R 9,750,092	R 10,181,989
R 7,519,301	General Expenses	R 5,495,451	R 11,349,311
R 2,461,691	- Purchase of Electricity	R 209,989	R 2,543,706
R 5,057,610	- Other General Expenses	R 5,285,462	R 8,805,605
R 498,758	Repairs & Maintenance	R 101,047	R 967,906
R 121,147	Capital charges	R 316,385	R -
R 200,696	Contribution to Capital Outlay	R 30,983	R 44,000
R 1,008,504	Contributions - Special	R 698,193	R 187,594
R 18,251,301	Nett Expenditure	R 16,392,151	R 22,730,800

APPENDIX E

Nquthu Municipality
Detailed Income Statement
Year ended 30th June 2005

			Income	Expend.	Surplus/ (Deficit)		Income	Expend.	Surplus/ (Deficit)	Budget Surplus/ (Deficit)
			2004	2004	2004		2005	2005	2005	2005
R	21,542,517	R	12,426,610	R	9,115,907	RATE AND GENERAL SERVICES	15,262,232.73	13,262,071.10	2,000,161.63	-1,068,804.48
R	21,107,392	R	9,805,793	R	11,301,599	Community Services	13,268,391.64	12,151,504.12	1,116,887.52	1,116,887.52
R	14,530,499	R	3,008,333	R	11,522,166	Council	3,010,891.54	1,545,392.14	1,465,499.40	1,465,499.40
R	6,506,332	R	1,008,580	R	5,497,752	Finance	4,433,226.65	2,024,739.71	2,408,486.94	2,408,486.94
R	-	R	674,905	R	-674,905	Management	1,202,673.00	644,208.42	558,464.58	558,464.58
R	70,561	R	2,976,153	R	-2,905,592	Technical	2,245,600.45	3,297,941.40	-1,052,340.95	-1,052,340.95
R	-	R	2,137,822	R	-2,137,822	Corporate Services	2,376,000.00	4,639,222.44	-2,263,222.44	-2,263,222.44
R	-	R	1,594,455	R	-1,594,455	Subsidised Services	124,547.08	734,386.25	-609,839.17	-1,594,455.00
R	-	R	1,594,455	R	-1,594,455	Facilities/ Library	37,483.08	344,099.56	-306,616.48	-1,594,455.00
						Cemetery	13,560.00	192,326.24	-178,766.24	
						Community Hall	73,504.00	197,960.45	-124,456.45	
R	435,125	R	1,026,362	R	-591,237	Economic Services	1,869,294.01	376,180.73	1,493,113.28	-591,237.00
R	273,032	R	385,418	R	-112,386	Refuse Removal	1,869,294.01	215,192.27	1,654,101.74	-112,386.00
R	162,093	R	640,944	R	-478,851	Sewerage	-	-	-	-478,851.00
						Market Stalls	-	160,988.46	-160,988.46	
R	1,550,232	R	2,973,463	R	-1,423,231	TRADING SERVICES	2,234,238.81	3,130,080.27	-895,841.46	-1,423,231.00
R	1,550,232	R	2,973,463	R	-1,423,231	Electricity	2,234,238.81	3,130,080.27	-895,841.46	-1,423,231.00
R	23,092,749	R	15,400,073	R	7,692,676	TOTAL	17,496,471.54	16,392,151.37	1,104,320.17	-2,492,035.48

APPENDIX F

Nquthu Municipality
Statistical Information
Year ended 30th June 2005

	2005	2004
a) General Statistics		
i) Population - Approximately	147,954	147,936
b) Electricity Statistics		
i) Number of users Commercial and Residential	1,187	1,094
ii) Units bought	6,086,672	8,854,735
iii) Units sold	2,332,282	3,100,345
iv) Units lost in distribution (ii-iii)	3,754,390	5,754,390
v) Units lost in distribution as a % of (ii)	61.68%	64.99%
vi) Cost per unit bought (R)	0.1299	0.1299
vii) Loss in distribution (iv x vi) (R)	487,695	747,495
viii) Cost per unit sold (operating expenditure/iii)	1.34	5.46
ix) Income per unit sold (operating income/iii)	0.96	6.30
d) Sundry Statistics		
i) Area in km squared	2,036	2,036
ii) Previous election number of registered voters (for entire Nquthu Municipality) nyandeni	47,193	47,193
iii) Building survey - Total number of building plans passed		27
- Value of building plans passed	2,060,422	4,974,850
- Number of inspections performed	15	27
- Plan fees	7,080	17,095
v) Total personnel in the service of the Municipality	154	131
vi) Total number of library books and audio visuals aids issued	47,500	44,637
vii) Cleansing: refuse removed and dumped	1,798	960
viii) Roads and works: Km of roads constructed/repared	8km	2 km
ix) Housing - Number of houses	23	-
- Number of people accommodated	138	-

CHIEF FINANCIAL OFFICER'S REPORT FOR THE PERIOD 30 JUNE 2005

1. OPERATING RESULTS

Details regarding the operating results per department, classification and type of income or expenditure are given in appendices D and E of the Annual Financial Statements. The relevant statistics are shown in appendix F. The overall operating results for the year were as follows:

	2004 Actual R	2005 Actual R	Variance 2004/2005 %	2005 Estimate R	Variance Actual Budget %
Income					
Opening surplus (deficit)	(2,089,490)	4,679,915			
Operating income for the year	23,092,749	17,496,472	-24.2%	28,625,318	38.9%
Appropriations	(923,271)	(5,524,971)			
	<u>20,079,988</u>	<u>16,651,415</u>		<u>28,625,318</u>	
Expenditure					
Operating expenditure for the year	15,400,073	16,392,151	6.4%	22,730,800	27.9%
Appropriations					
Closing surplus	<u>4,679,915</u>	<u>259,264</u>	-94.5%	<u>5,894,518</u>	

2. SUMMARY OF TOTAL REVENUE AND EXPENDITURE

The summary of the estimated and actual revenue results on all accounts of the Local Municipality for the 12 months under review, compared with those of the previous year, are set out hereunder.

2.1 Rate and General Services

	2004 Actual R	2005 Actual R	Variance 2004/2005 %	2005 Estimate R	Variance Actual Budget %
Revenue	21,542,517	15,262,233	-29.2%	25,118,116	39.2%
Expenditure	12,426,610	13,262,071	6.7%	20,846,104	36.4%
Surplus/Deficit	<u>9,115,907</u>	<u>2,000,161.63</u>		<u>4,272,012</u>	
As a % of Total income	39.48%	11.43%		14.92%	

2.2 Trading Services

	2004 Actual R	2005 Actual R	Variance 2004/2005 %	2005 Estimate R	Variance Actual Budget %
Electricity					
Revenue	1,550,232	2,234,239	44.1%	2,935,366	23.9%
Expenditure	2,973,463	3,130,080	5.3%	4,646,818	32.6%
Surplus/Deficit	<u>(1,423,231)</u>	<u>(895,841)</u>		<u>-1,711,452</u>	
As a % of total income	-6.16%	-5.12%		-5.98%	

	2004 Actual R	2005 Actual R		Estimate R	Budget %
Water					
Revenue	-	-	0.0%	6,234,572	100.0%
Expenditure	-	-	0.0%	6,234,573	100.0%
Surplus/Deficit	<u>-</u>	<u>-</u>		<u>-</u>	
As a % of total income	0%	0%		0%	

ii) SUMMARY OF LOANS, DEBT OUTSTANDING AND CAPITAL EXPENDITURE

Set out hereunder is a summary of the total loans and outstanding debt as at 30 June 2005:

- a) There were no Internal loans outstanding as at 30 June 2005
at 01 July 2004 0

External loans outstanding
at 01 July 2005 813,422

External loans repaid 234,512.49
External loans raised -

External loans outstanding
as at 30 June 2005 578,909.61

Total Internal and External
loans outstanding
as at 30 June 2005 578,909.61

Total Capital Outlay 1,129,574

4. ACCUMULATED FUNDS

Set out hereunder is a summary of the balances on the Council's internal funds as at 30 June 2005

- (a) Capital Development Fund R 1,107,989

This fund was established in terms of Section 103(9) of the Local Authorities Ordinance No. 25 of 1974 and had a balance of R1 ,035,217 as at 30 June 2004.

- (b) Public Improvement Fund R 688,620

This fund was established in terms of Section 103(3) of the Local Authorities Ordinance No. 25 of 1974 and had a balance of R667, 715 as at 30 June 2004.

5) POST BALANCE SHEET ITEMS

NIL

6) INVESTMENTS,CASH AND DEBTORS

- (a) External Investments

The following schedule reflects the total investments of the Council for the period under review compared with the previous year:

	30-June-2005	30-June-2004
	R	R
Rate and General Fund		
Capital Development Fund	1,107,989	-
Public Improvement Fund	688,620	-
	<u>1,796,609</u>	<u>-</u>

- (b) A book bank balance of R3 318 620 existed at 30 June 2005 but the physical bank balance was R680 821 due to uncleared cheques.
- (c) Debtors of R4 659 781 existed at 30 June 2005 compared to R 8 312 531 as at 30 June 2004.
- (d) Current creditors of R2 226 515 existed at 30 June 2005 compared to R1 811 891 as at 30 June 2004.
- (e) The accumulated surplus was R4 679 915 at 30 June 2005 as compared to accumulated surplus of R4 679 915 as at 30 June 2004.

7) APPRECIATION

I would like to express my sincere appreciation to the Mayor, Chairperson and members of the Executive Committee, Councillors and Heads of Departments for the support they had given me and especially the loyal and accommodating Finance Department staff during the year..

P KUBHEKA B.Tech (Tax)
CHIEF FINANCIAL OFFICER